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FM AMEMBASSY PRETORIA  
TO RUEHC/SECSTATE WASHDC 2522  
INFO RUCPDC/DEPT OF COMMERCE WASHDC  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 0690  
RUEHRL/AMEMBASSY BERLIN 0562  
RUEHBY/AMEMBASSY CANBERRA 0569  
RUEHLO/AMEMBASSY LONDON 1352  
RUEHMO/AMEMBASSY MOSCOW 0695  
RUEHOT/AMEMBASSY OTTAWA 0523  
RUEHFR/AMEMBASSY PARIS 1211  
RUEHTN/AMCONSUL CAPE TOWN 5012  
RUEH DU/AMCONSUL DURBAN 9321  
RUEHJO/AMCONSUL JOHANNESBURG 7696

UNCLAS SECTION 01 OF 02 PRETORIA 003839

SIPDIS

SIPDIS  
SENSITIVE

STATE PLEASE PASS USAID  
STATE PLEASE PASS USGS  
DEPT FOR AF/S, ISN, EEB/ESC AND CBA  
DOE FOR T.SPRL, G.PERSON, A.BIENAWSKI, M.SCOTT, L.PARKER

E.O. 12958: N/A  
TAGS: [ENRG](#) [BEXP](#) [TRGY](#) [SENV](#) [KNNP](#) [EINV](#) [SF](#)  
SUBJECT: WESTINGHOUSE ACQUIRES LOCAL NUCLEAR SUPPLIER

REF: A) Pretoria 3747  
B) Pretoria 3078  
C) Pretoria 3012

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11. (SBU) SUMMARY: Westinghouse expects to close its long-awaited acquisition of South Africa's IST Nuclear (ISTN) to augment its domestic footprint and to position itself for supplying an initial 3,200 MW of new nuclear power plants to state electricity company Eskom, as well as additional plants over the longer-term. The acquisition shows Westinghouse's commitment to localization and building South Africa's local nuclear-industry capacity. The acquisition also reinforces its support for the Pebble Bed Modular Reactor (PBMR). End Summary.

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Nuclear New Build - Neck in Neck  
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12. (SBU) Westinghouse and Areva of France have been identified by Eskom and the SAG as the two likely vendors to build two-three new nuclear power plants totaling about 3,200 MW. Eskom has stated that an investment decision should be made by March 2008. The SAG intends to install 20,000 MW of nuclear power as part of an ambitious 40,000 MW expansion program over the next twenty years (reftels).

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Domestic Footprint Augments Localization  
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13. (SBU) Westinghouse Regional VP for South Africa Rita Bowser stated that the acquisition of South Africa's ISTN

should be consummated by November 2, speaking in an interview with local Engineering News. In the article, Bowser said the purchase is aligned to the aspiration to position the company for the likely pipeline of work in South Africa. She said Westinghouse aimed to respond to the SAG's stated objective of seeking to build local nuclear industry capacity. Bowser emphasized that the ISTN acquisition showed Westinghouse's commitment to localization. In addition, she said Westinghouse intended to expand ISTN's scope to include work in servicing existing light water reactors in South Africa and elsewhere. The name ISTN will change to Westinghouse Electric Company South Africa and Westinghouse's domestic employee base will be 118 people.

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Support for PBMR  
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¶4. (SBU) According to the article, the purchase of ISTN by Westinghouse is also an indication of the company's growing interest in, not just South Africa's conventional nuclear reactors, but also its Pebble Bed Modular Reactor (PBMR). ISTN is already a leading provider of services and systems for the PBMR, in which Westinghouse, together with the Industrial Development Corporation, Eskom, and the SAG, holds equity. Speaking to the a recent Idaho National Laboratory delegation, ISTN official Andrew Rossouw enthusiastically described the history and potential of PBMR, including his company's role as key supplier of testing facilities and equipment (Reftel A).

¶5. (SBU) COMMENT: The acquisition of ISTN demonstrates Westinghouse's strength in localization. Westinghouse also competes well on price, safety, modular design, and training. Embassy is working closely with Westinghouse

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on how best to support its bid. The Economic Counselor will participate in some Westinghouse-sponsored events at the Corporate Council on Africa meetings November 15-16.

BOST